



Investment Banking

August 10, 2016

The Board of Directors
Tata Chemicals Limited,
Bombay House,
24 Homi Mody Street,
Fort, Mumbai - 400001

Dear Sirs,

Sub: Sale of fertilizer business of Tata Chemicals Limited ("Tata Chemicals") consisting of the business of manufacturing, sales and distribution of urea and customized fertilizers manufactured at Babrala, Uttar Pradesh along with assets thereof ("Proposed Transaction")

The Company has requested us to issue a fairness opinion ("Opinion") from a financial point of view on the Proposed Transaction.


In arriving at our Opinion, we have reviewed historical financial information for the relevant business. We have also reviewed certain publicly available information, and have taken into account such other matters as we deemed necessary including our assessment of general economic, market and monetary conditions. We have also reviewed the valuation report issued to Tata Chemicals by SSPA & CO., Chartered Accountants dated August 10, 2016, which sets out that the valuation of the relevant business at INR 2,410 crores.

In addition to above, we have had discussions with members of the management of Tata Chemicals on the past and current financial operations of the concerned businesses and have received a management representation letter from Tata Chemicals dated August 09, 2016 ("Management Representation Letter").

Further, we have had discussions with SSPA & CO., Chartered Accountants, the valuation advisor, on such matters which we believed were necessary or appropriate for the purpose of issuing this Opinion.

We assume no responsibility for the legal, tax, accounting or structuring matters including, but not limited to, legal or title concerns. Title to all subject business assets is assumed good and marketable. We have further assumed that the Proposed Transaction would be carried out in compliance with applicable laws, rules and regulations.

In giving our Opinion, we have assumed and relied upon, without independent verification, the accuracy and completeness of all information supplied or otherwise made available to us either in oral or written form, discussed with or reviewed by or for us, or publicly available. We have been given to understand that all information that was relevant for the purpose of our exercise was disclosed to us. We have not conducted any evaluation or appraisal of any assets or liabilities of Tata Chemicals or the relevant business nor have we evaluated the solvency or fair value of Tata Chemicals or the relevant business, under any laws relating to bankruptcy, insolvency or similar matters. In addition, we

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Investment Banking

have not assumed any obligation to conduct any physical inspection of the properties or facilities of Tata Chemicals including the relevant business.

Our Opinion does not factor overall economic environment risk and other risks and is purely based on the information and representations provided to us. We have not assumed the risk of any material adverse change having an impact on the businesses of Tata Chemicals or the relevant business in arriving at our final Opinion.

We express no view as to, and our Opinion does not address, the underlying business decision of Tata Chemicals to effect the Proposed Transaction or the merits of the Proposed Transaction. Our Opinion does not constitute a recommendation to any shareholder or creditor of Tata Chemicals as to how such shareholder or creditor should view or vote on the Proposed Transaction or any matter related thereto. In addition, this Opinion does not address the fairness to, or any other consideration, to the creditors or other constituencies of Tata Chemicals, other than to whom it is addressed. We are not expressing any opinion herein as to the prices at which the shares of the Tata Chemicals will trade following the announcement or consummation of the proposed transaction or as to the prices at which the shares of Tata Chemicals may be transacted.

Our Opinion is necessarily based on financial, economic, market and other conditions as in effect on the date of this issuing the Opinion, and the information made available to us as of, the date hereof.

We will receive a fee for our services in connection with the delivery of this Opinion from Tata Chemicals. In addition, Tata Chemicals has agreed to indemnify us for certain potential liabilities arising out of our engagement. We are also acting as Transaction Advisor to Tata Chemicals for the Proposed Transaction and will receive a fee for the same.

We and our affiliates in the past have provided, and currently provide, services to Tata Chemicals and their affiliates including services related to the Proposed Transaction for which services we and such affiliates have received and expect to receive compensation, including, without limitation as lenders and creditors and as financial advisors for the purchase/sale of assets/businesses by/to Tata Chemicals (as the case may be) and as lead managers / underwriters in securities offerings of Tata Chemicals.

In the ordinary course of business, we and our affiliates may actively trade or hold securities of companies that may be the subject matter of this transaction for our own account or for the account of our customers and, accordingly, may at any time hold long or short position in such securities. In addition, we and our affiliates maintain relationships with Tata Chemicals and their respective affiliates.

This Opinion is provided solely for the benefit of the Board of Directors of Tata Chemicals, and shall not confer rights or remedies upon, any shareholder of Tata Chemicals, or any other person other than the members of the Board of Directors of Tata Chemicals, or be used for any other purpose, except to the extent required by law or by the request or requirement of any, judicial, statutory, regulatory, legislative, administrative or other governmental body. This Opinion may not be used or relied upon by nor is it issued for the benefit of any third party for any purpose whatsoever or

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Investment Banking

disclosed, referred to or communicated by you (in whole or in part) except with our prior written consent in each instance. Provided however, this opinion may only be disclosed as may be required under any applicable law in India and may be kept open for inspection by shareholders of Tata Chemicals, but we take no responsibility or liability for or arising out of any such disclosure. We specifically disclaim any responsibility to any third party to whom this Letter may be shown or who may acquire a copy of this Letter.

The laws of India govern all matters arising out of or relating to this Opinion (including, without limitation, its interpretation, construction, performance, and enforcement).

With respect to any suit, action or any other proceedings relating to this Opinion the courts of competent jurisdiction at India shall have exclusive jurisdiction.

On the basis of and subject to the foregoing, it is our view that, as of the date hereof, the proposed valuation is fair and reasonable from a financial point of view.

Yours faithfully,

For **Kotak Mahindra Capital Company Limited**

A handwritten signature in black ink, appearing to be "N. Kumar", written over a horizontal line.

Authorised Signatory

